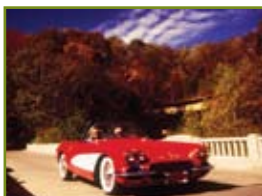


2006 INDIANA TOURISM REPORT

to Governor Daniels



INDIANA TOURISM COUNCIL

2006 YEAR IN REVIEW

The 35-member Indiana Tourism Council, established in 1997, acts as an advisory group to the Indiana Office of Tourism Development (IOTD) and is an active forum for planning, decision-making, and consensus-building for Indiana's tourism industry. Nonmembers are encouraged to become involved through workgroup participation.

The council is chaired by Lt. Governor Becky Skillman and is comprised of the following members:

Governor-appointed council members:

- Jim Butler, Bloomington
- Li Ping Cai, West Lafayette
- John Chidester, Santa Claus
- Donna Christian, Edinburgh
- John Harris, Indianapolis
- Rick Hofstetter, Nashville
- Lance Miller, Middlebury
- Terry Seitz, Jasper
- Michael Smith, Muncie
- Scott Smith, Danville
- Tom Spackman, Jr., Monticello
- Judy Zehner, Fort Wayne

Additional members:

- Randy Ballinger, Marion
- Allan Barnett, French Lick
- Bob Bedell, Indianapolis
- Rep. Jerry Denbo, French Lick
- Mark Bowersox, Indianapolis
- Peggy Hobson, Kokomo
- Kyle Hupfer, Indianapolis
- Sen. Dennis Kruse, Auburn
- John Livengood, Indianapolis
- Linda Lytle, Madison
- Dean Morgan, Valparaiso
- Rep. Mike Ripley, Monroe
- Tom Sharp, Indianapolis
- Sen. Connie Sipes, New Albany
- Michael Smith, Indianapolis
- Kenneth Surber, Waterloo
- Amy Vaughan, Fishers
- Jo Wade, Lafayette
- Lorelei Weimer, Chesterton
- Doug Weisheit, Rockville

The officers for Tourism Council are: Peggy Hobson, representing the Association of Indiana Convention and Visitors Bureaus, Vice Chair; Donna Christian, General Manager of Edinburgh Premium Outlets, Treasurer; and Terry Seitz, InterComm Group, Secretary.

The council meets four times a year. In 2006, IOTD offered the following programs during Tourism Council Meetings:

February — Denise Miller, Strategic Marketing and Research Inc. Research was presented to give background to the upcoming brand launch. Included in the presentation was an overview of the three phases of research conducted regarding the new brand.

June — Dan Scheuch, D.K. Shifflet and Associates and Jennifer Fuller, Global Insight Inc. D.K. Shifflet and Global Insight Inc. collaborated to deliver research regarding economic impact for the state of Indiana and its counties. The companies reviewed their methodology as well as walked the council through the process for delivering the results.

December — Dr. Suzanne Cook, Travel Industry Association of America. Dr. Cook presented national tourism numbers as well as the trends that are occurring with leisure travel.

Subcommittees of the Tourism Council

In 2006, the Tourism Council discussed many issues, including school start date, product development, agritourism, IOTD budget, and marketing. Separate committees were developed to specifically address Indiana's agritourism product and IOTD's marketing efforts.

1. Agritourism

- Created criteria for existing locations to be considered agritourism sites
- Discussed prominence for agritourism on IOTD's Web site
 - Created a category of "agritourism" for 2008-2009 Travel Guide as well as on VisitIndiana.com in 2008
 - Will continue to include agritourism sites in trip ideas

2. Marketing

- Discussed marketing plan for 2007
- Brainstormed ideas for Visit Indiana Day at the Indiana State Fair

INDIANA OFFICE OF TOURISM DEVELOPMENT

Indiana Tourism Facts

- Visitors spend \$8.9 billion annually in Indiana
- Indiana welcomes 59 million visitors annually
- Tourism creates 193,000 full-time jobs in Indiana
- The typical Indiana visitor is a 46-year-old with a Household Income between \$30,000 and \$70,000
- About 1/3 of all trips to Indiana include children
- The average length of a trip is 2.1 days
- Almost all leisure travelers drive to Indiana destinations

Strategic Plan

In December of 2005, IOTD launched Destination Indiana: 2006 Strategic Plan. The plan outlined IOTD's vision, goals, and scope of work promoting and working with the industry. Below are the four main goals of IOTD and how IOTD has implemented tactics to achieve these goals.

1. Position IOTD as an alliance manager through the state.

- IOTD works closely with convention and visitors bureaus across Indiana. They are the lead destination management and marketing organizations in 55 of Indiana's 92 counties.
- IOTD staff participates in a variety of committees and meetings in order to promote partnerships and tourism throughout the state.
 - Association of Indiana Convention and Visitors Bureaus
 - Indiana Bed and Breakfast Association
 - Indiana Hotel and Lodging Association
 - Indiana Natural Resources Commission
 - Indiana Restaurant and Hospitality Association
 - Indiana Rural Development Council, Inc.
 - Indiana Sports Corporation
 - Indiana State Festivals Association
 - Lewis and Clark Bicentennial Commission
 - Indiana Abraham Lincoln Bicentennial Commission
 - Indiana Historic Pathways, Indiana National Road Association, and Ohio River Scenic Byway
 - Recreation Vehicle Indiana Association
 - Regional Tourism Entities: ERTMC/NITDC/SIRMC
 - Tour Indiana

2. Create development incentives to enhance existing attractions or create new attractions.

- IOTD offered best-practice trips in 2006 to several states (Iowa, Kentucky, North Carolina, and West Virginia) with the goal of understanding the entire process of new development—from conception to implementation. These fact finding missions proved to be successful with more than 75 participants over the three trips.
- IOTD, working with the Office of Community and Rural Affairs, the Indiana State Department of Agriculture, and the Indiana Arts Commission, has proposed an Artisan Development Project. The goal of the project is to encourage rural entrepreneurship, create outlets for local artisans, and increase visitation to the state. Meetings with the Indiana Arts Council, the Office of Community and Rural Affairs, the Indiana State Department of Agriculture, and several local partners are ongoing.

3. Develop a strategic brand for Indiana.

The largest endeavor IOTD took on in 2006 was the rebranding effort. This process began in late summer of 2005 and was finalized in the spring of 2006. Since the previous logo, Enjoy Indiana, had been launched in 1998, the strength of it had waned. IOTD did significant research to affirm every step of its rebranding process.

- Enjoy Indiana Tagline Research
 - 1,000 online surveys within a targeted geography
 - Evaluated the brand equity of Enjoy Indiana
 - Recall of Enjoy Indiana lagged in all states except Ohio
 - Enjoy Indiana is fairly generic and neutral
 - Enjoy Indiana does not convey excitement, discover, and fun
- Slogan and Logo Research
 - 500 online surveys within targeted geography
 - Tested several slogan and logo options
 - 60 percent association between “restart your engines” and Indiana
 - 25 percent association between “enjoy” and Illinois
 - Restart your engines communicated action packed, adventurous, exciting, and lively (all trip motivators)
- Focus Group Research
 - Four focus groups conducted (2-Chicago, 1-Indiana, 1-Kentucky)
 - Tested refined slogan and logo options
 - Slogan had strong relationship to Indiana
 - Slogan promotes the entire state in a positive way
 - Strong response to image advertisements, which translated into wanting to find out more information about the specific location

After conducting the research, IOTD launched the new brand, Indiana: restart your engines, in April 2006. Not only was the new brand implemented into all of the media buys (television, radio, and cable), but simultaneously IOTD launched a print image campaign in nine consumer magazines, including Midwest Living, Budget Travel, Cooking Light, and Ladies Home Journal. More information on the effectiveness of the new brand to follow.

4. Expand IOTD operating budget through creative partnerships.

IOTD worked closely with Kroger in 2006 to offer the Visit Indiana Card. This discount card was available at Kroger stores statewide and offered discounts to attractions, restaurants, and lodging across the state.

IOTD began a partnership with the Indiana State Fair in 2006, which led to Visit Indiana Day at the fair. Sixty industry partners participated in the event and manned booths along Main Street.

IOTD continues to research the possibilities of additional corporate partnerships internally and with the help of contractors to research and follow up on these initiatives.

DEPARTMENT UPDATES

Development

- Served on Transportation Enhancement scoring committee. Helped award approximately \$9 million to local communities for tourism and commerce related projects
- Tourism Development Best-Practice Workshop with Mitch Nichols — February 22, 2006
- Tourism Development Best-Practice Trips
 - West Virginia and Asheville, North Carolina — June 22-25, 2006
 - Louisville and Newport, Kentucky — July 11, 2006
 - Dubuque, Iowa — August 22-23, 2006
- Product Development Research Conducted — October 2006
 - Largest type of trip to Indiana was gambling, followed by shopping, rural, and event
 - Indiana trip length is 2.1 days (the average Midwest trip is 2.8 days)
 - 2/3 of Indiana trips included a spouse/significant other; 1/3 of Indiana trips included children
 - Some trip types that have room for improvement (meaning we have the product and these trips will lengthen visitors' stay) include:
 - Outdoor
 - Enrichment
 - Amusement Parks
- Participate in RISE 2020 initiatives as chair of the Cultural Assets Work Group
- Participate on Lincoln Commission and coordinated future Web site presence for the bicentennial
- Promote Indiana to International travel market through partnership with Great Lakes of North America
- Continue leading multi-agency effort to initiate the Artisan Development Project

Marketing

- Began redesign process for VisitIndiana.com
- Chicago Media Marketplace — August 29
- New York Media Marketplace — September 1
- Tourism Day at the Indianapolis Indians — June 7
- Visit Indiana Day at the Indiana State Fair — August 18
- Created new educational piece, which was sent to every fourth grade in Indiana with the purpose of explaining Indiana history while tying in attractions across the state.
- Attended group travel shows
 - American Bus Association
 - Heartland Travel Showcase
 - National Tour Association
- Launched spring and summer campaign
 - IOTD invested \$977,400 on media. This broke down into the following categories:
 - Television-\$253,965
 - Radio-\$380,984
 - Online-\$62,441
 - Print-\$280,010
 - The budget (except print) was split between two major campaigns: spring and summer. The print placements ran between April and September to bridge the spring and summer campaigns.
 - The 2006 marketing campaign proved to be successful and will be used as a benchmark for future marketing efforts.
- Advertising Effectiveness Research conducted November 2006
 - 79 percent of respondents correctly associated restart your engines with Indiana. This increased almost 20 percent from initial testing, which was the second-highest correct correlation among Midwest competitors.
 - Indiana's attributes that scored high were peaceful, welcoming, relaxing, beautiful, and simplistic. Although the new brand focused on attributes such as lively, exciting, and action-packed, these saw little increase from 2005. This is due to the difficulty changing consumers' perceptions and it will take time to see progress in those measures. To combat this difficulty, creative has been developed for the 2007 campaign that focuses on more active experiences in order to increase awareness of those attributes.
 - Overall ad awareness rose 2 percent to 57 percent. This was the highest awareness of the competitive states.
 - The economic impact on the paid marketing yielded an ROI of \$542 (compared to \$411 in 2005).
 - Total economic impact on the paid marketing was \$368.5 million.

- Web site Research conducted
 - August 2006
 - Tested functionality of the previous site
 - Images were key
 - Navigation bar needed to be clearer
 - Consumers prefer a horizontal navigation bar
 - Coupons/discounts were appreciated
 - November 2006
 - Tested site in development phase
 - Pop-up did not test well
 - Liked navigation and scroll over menu
 - Inclusion of the calendar tested well
- Publication Research
 - Prizm Analysis — September 2006
 - Researched the database of 100,000 leads of people who requested Indiana travel publications
 - Largest DMA is Indianapolis, followed by Chicago
 - 90 percent of requestors had traveled to Indiana in the past
 - 52 percent of requests for materials come in the spring
 - Results were broken out by market: Chicago, Cincinnati, Indianapolis, and Louisville
 - Conversion Research — September 2006
 - Surveyed requestors of Indiana publications from March-May 2006 (439 surveys conducted)
 - 58 percent of requestors visited Indiana
 - 53 percent of those who visited reported that the publications had an influence on their travel
 - 41 percent of the trips are planned in less than a month
 - Spending increased 116 percent from those who did not view publications versus those who did view publications prior to visiting
 - Publication Focus Groups — September 2006
 - Four focus groups were conducted (two in Chicago/two in Cincinnati)
 - Recruited respondents were all users of either state or local travel guides and half had requested materials from Indiana
 - Consumers are drawn to one image on the cover versus multiple shots
 - Maps and photography should be a priority in the guide
 - Consumers preferred formatted ads to camera-ready; it led to more credibility